



Natural Resources Conservation Service
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*Helping People
Help the Land*

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Transmitted via Email

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MINNESOTA BULLETIN NO. 300-7-1

SUBJECT: LTP – CSP – GUIDANCE FOR ADDRESSING ERRONEOUS PAYMENTS IN CSP

Action Required By: January 8, 2007

Purpose. To inform NRCS employees of steps to take to address erroneous payments in CSP Contracts.

Expiration Date. September 30, 2007

In CSP, there is the potential for erroneous payments to occur during the payment process. Erroneous payments include overpayment or underpayment of contract items or payment of duplicate items with EQIP and/or WHIP. The Conservation Program Manual (CPM), Part 512, Subpart G, Section 512.68 provides policy on claims, collections, and offsets. We will seek to collect any and all debt from CSP participants.

Identifying and Addressing Erroneous Payments in CSP Contracts

Take the following steps to identify and address erroneous payments, including duplicate payments, in CSP contracts.

1. Review past payments and payments scheduled to be processed in future years.
 - a. For 2004 contracts, there are several enhancements that have been associated with erroneous payments. These include, but are not limited to, the following enhancements:
 - i. Spring pre-plant commercial N fertilizer application used on soil types other than coarse textured soils.
 - ii. Side dress or split commercial N fertilizer applications (spring pre-plant and side dress) are used on coarse textured soils.
 - iii. N-inhibitor are used on labeled crops when spring pre-plant commercial N is applied to poorly drained wet soils or when early side-dressed or split commercial N application are applied on coarse textured soils.
 - iv. Band apply commercial P applications or incorporate broadcast applications within 24 hours.
 - v. Inject manure or incorporate broadcast manure within 24 hours.
 - vi. Renewable energy fuel (soy bio-diesel, ethanol)
 - b. For 2005 and 2006 contracts, pay close attention to the renewable energy fuel enhancement.
 - c. Refer to the associated enhancement job sheets for clarification on payments.
 - d. Refer to the duplicate payment spreadsheet for a list of contracts with potential duplicative payments, which you will receive under separate cover.
2. Identify and document all erroneous payments on the worksheet, **CSP Erroneous Payment Worksheet**.
 - a. Attach the CCC-1245, with the corrected payment amount and units for payment.

3. If erroneous payments are identified, verify that correct payments were made or are scheduled to be made in future years. If additional erroneous payments are identified, include them on the **CSP Erroneous Payment Worksheet**.
4. Route the **CSP Erroneous Payment Worksheet** and attachments through the AO to Leah Duzy at the SO.
5. A letter requesting repayment or informing the participant of an underpayment will be sent from the SO with copies to the ASTC(FO) and the DC.
6. All questions regarding CSP erroneous payments should be directed through the AO to Leah Duzy.

Erroneous payments also include duplicate CSP payments with EQIP and WHIP, particularly nutrient management, pest management, prescribed grazing, and residue management. Payments from CSP and another USDA program for activities or practices that fall under the definition and purposes of a conservation standard, regardless of the degree of management intensity or the addressed resource concern, are considered duplicative. This means that if a producer is receiving a nutrient management incentive through EQIP on specific acres, the producer may NOT receive nutrient management enhancements through CSP on those same CSP acres. Payment for activities that have an incremental movement on an index or scale is for an environmental outcome, not a practice. These are not duplicate payments. This includes the SCI, STIR and IWM enhancements. The contract that needs modification is the contract that caused the duplicate payment. For example, if a producer had a 2005 CSP contract and then signed up for EQIP in 2006, causing a duplicate payment with CSP, then the EQIP contract needs to be modified. The same is true if the producer had a 2004 EQIP contract and signed up for CSP in 2005, causing a duplicate payment. It is not based on the year in which the payment was made but the when the contract was approved for funding.

Duplicate payments that have been processed must be treated as erroneous payments. Duplicate items that have not been processed for payment must be removed from the contract in the years in which they receive EQIP or WHIP payments for that practice on the same acres. They may receive their enhancement payments on those acres after payments have ceased for that practice in EQIP or WHIP. If the duplicate payment was caused by EQIP or WHIP, then repayment must be processed through EQIP or WHIP. The money does not have to be collected from the CSP contract.

If you have contracts with potential duplicate payments in your county, fill out the information in the spreadsheet, which will be sent out under separate cover, and return to your ASTC(FO) by January 1, 2007. The ASTC(FO) will need to return the spreadsheet to Paul Flynn by January 8, 2007.

If you have any questions, contact Paul Flynn, SRC, at (651) 602-7870.

WILLIAM HUNT
State Conservationist

Attachment

DIST: ASTC (FO)
ARC
Area Program Specialists
FO